

legally speaking

By Patricia C. Marcin, Esq. © 2021

WILLS, TRUSTS & ESTATES: PLAIN & SIMPLE

“Estate Planning and the Family Business: A Family Affair?”

Discussing your estate plan with your adult children can feel like a daunting task. You want your children to be ready for the responsibilities that wealth entails, but you're not sure you're ready to disclose your finances and intentions to your kids yet. It can be even more overwhelming when a family business is involved.

You may be concerned about “demotivating” your children by discussing your estate plan with them – once they understand the wealth they will inherit, they may lack the will to work hard to create something for themselves. You also may be concerned that your children's values differ from your own. To address this, even with younger children, you may consider engaging in family philanthropy, such as through a donor advised fund at the Long Island Community Foundation, and discussing money management with them. (Some of our Lloyd Harbor neighbors have developed a program called “Benjamin Talks” to educate young children about money management.)

It's important to discuss your financial and estate planning efforts with your adult children, for your peace of mind and that of your family. A discussion with your children about your intentions for the distribution of your assets among them can help alleviate potential animosity among siblings, and promote family harmony. You will want to discuss the “why” of your intentions, especially if a family business is involved, or assets are not being divided equally.

One or more of your children may be actively involved in running the family business with you. You want to be fair to all, but you also want to reward the children that have perpetuated the business. This may involve recapitalizing the company into voting and non-voting interests, so the children involved in the business can retain the decision making, but all can share in the value of the company. A shareholder agreement is imperative. You may wish to “equalize” distributions by providing life insurance or other assets to the children who are not active in the business.

While it may be hard to start the conversation with your family, the hope is that this transparency will strengthen family bonds and give all family members a voice. While it will most likely take several conversations to talk things through, there will be no surprises once you're gone, and you will truly have made your estate plan a family affair.

If there is a trust & estates topic that you would like to know more about, please feel free to email me at patricia.marcin@rivkin.com and I will do my best to cover it in a future column.

We all know what happens to those who fail to plan...



If you own a home or have a child, it's not too early to begin thinking about how your accumulated assets should be dealt with when you pass on. We're here to help.

The attorneys in our Personal, Family & Business Planning practice understand the factors affecting your family, your business and your finances. From business succession planning to estate and tax planning, our lawyers have the skill and sensitivity to address these very personal issues.



Don't leave the disposition of your wealth up to the courts. Call Tricia Marcin at 516.357.3342 for a consultation.



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